

## **P&F INDUSTRIES, INC.**

### **STRATEGIC PLANNING AND RISK ASSESSMENT COMMITTEE CHARTER**

#### **Purpose**

The Purpose of the Strategic Planning and Risk Assessment Committee (the “Committee”) is to assist the board of directors (the “Board”) of P&F Industries, Inc. (the “Company”) in fulfilling its oversight responsibilities for the strategic planning and risk management of the Company.

#### **Authority**

The Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Retain outside counsel, accountants, or others to advise the Committee or assist in carrying out its duties hereunder.
- Seek any information it requires from employees—all of whom are directed to cooperate with the Committee’s request—or external parties so authorized by the Committee.
- Meet with Company officers, external auditors, or outside counsel, as necessary.

#### **Committee Membership**

The Committee shall consist of no fewer than two (2) members. Each member of the Committee shall (a) be a director of the Company; and (b) meet the independence requirements established by The Nasdaq Stock Market, Inc. (“Nasdaq”) or, with the approval of the Board, satisfy one or more of the exceptions permitted by Nasdaq. At least one member of the Committee shall have experience in finance or accounting, or other relevant experience of background. All other members of the Committee shall be financially literate.

The members of the Committee shall be appointed by the Board and may be removed by the Board at its discretion. The Board shall designate one member of the Committee to serve as the Committee’s Chairperson.

#### **Meetings**

The Committee will meet at least annually, or more frequently as its members deem necessary to perform the Committee’s responsibilities. All Committee members are expected to attend each meeting, in person or via telephone or video conference. The Committee will invite members of management, outside professionals, or others to attend meetings and provide pertinent information, as necessary. The Company’s Chief Executive Officer and Chief Financial Officer/Chief Operating Officer will be invited to attend the meetings of the Committee. The Committee will hold executive sessions as necessary.

Subject to the requirements of any applicable law, regulation or Nasdaq rule, any action required or permitted to be taken at a meeting of the Committee may be taken without a meeting if a

consent in writing or by electronic transmission, setting forth the action so taken, is given by all of the members of the Committee. Such written consent shall have the same force as a unanimous vote of the Committee.

## **Responsibilities**

The Committee will carry out the following responsibilities:

### Risk Management

1. The Committee shall monitor all enterprise risks. In doing so, the Committee recognizes the responsibilities delegated to other committees by the Board and understands that the other committees may emphasize specific risk monitoring through their respective activities.
2. The Committee shall discuss with management the Company's major risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
3. The Committee shall review periodically the activities of the Committee and all business units, and consider risks that may affect the entire Company's viability and the steps taken by management to manage these risks within acceptable tolerances.

### Strategic Planning

4. The Committee shall assist the Board in ensuring that management develops, executes, assesses and, as necessary, modifies the Company's strategy for long-term growth, profitability and shareholder value.
5. In particular, the Committee shall:
  - ensure that management has an effective process for planning and executing its long-term strategy;
  - evaluate the strategy proposed by management;
  - challenge underlying assumptions and substance as necessary;
  - assess the ability of the Company to execute the strategy in a timely manner;
  - report to and engage the full Board, as appropriate
  - monitor execution of the strategy against milestones; and
  - encourage changes in the strategy as events require.
6. The Committee shall oversee Management's responsibilities with respect to strategic planning, which include management's role in:
  - developing the corporate strategy;
  - developing plans to implement and communicate the strategy;
  - obtaining Committee and Board approval of the strategy; and
  - regularly updating the Committee and, as appropriate, the full Board on its execution of, and changes to, the strategy as necessary.

### Other Authority and Responsibilities

7. The Committee shall regularly report to the Board about Committee activities, issues, and related recommendations.
8. The Committee shall review any other reports the Company issues that relate to Committee responsibilities.
9. The Committee shall perform other activities related to this Charter as requested by the Board.
10. The Committee shall institute and oversee special investigations as needed and receive reports on litigation and fraud, as appropriate.
11. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for its approval. This Charter is in all respects subject and subordinate to the Company's Certificate of Incorporation and By-laws, the resolutions adopted by the Board and the applicable provisions of the Delaware General Corporation Law.
12. The Committee annually shall review its own performance.

Effective: September 12, 2012